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Cost Control Committee
Meeting of the Committee Members
Agenda
August 27, 2014 5:30pm – 6:30pm
City Hall CR-12
149 Church Street, Burlington Vermont 05401

The meeting began at 5:38pm

Present: Mayor Weinberger, Commissioner Stoll, Commissioner Curry, Councilor Mason, Councilor Paul, CAO Rusten, Mayor's Assistant Lowe, and Fritz Verdunk (member of public)

Absent: Superintendent Phillips, Commissioner Shumski

5:30pm – 5:35 pm **Approve Agenda & Review and Approval of July 23, 2014 meeting minutes**

Karen Paul moved to approve agenda with amendments, Mariam Stoll seconded

Amendments include selection of a secretary to take minutes and designation of a chair. Brian Lowe volunteered to take minutes, and Karen Paul moved to approve Chip Mason as chair (unanimous)

5:35pm – 5:40pm **Public Comment**

None.

5:40pm – 6:20 pm **Discussion of Committee Priorities**

The Committee chose to begin with a report on their respective discussions regarding potential near-term (3 and 6 month) and longer-term (9 and 12 month) deliverables to be accomplished by the Committee

Karen Paul provided an overview of actions the City has taken to assist the school over the coming months. The City has discussed and proposed charging Bob Rusten on behalf of the City and a school finance representative (TBD) to work together and identify \$500,000 in cost savings for FY16.

Mayor Weinberger expressed his support of charging City and School staff work together to find \$500,000 in cost savings, particularly given Bob Rusten's success in finding savings in the City budget.

Additionally, the Mayor identified a need for the school to have an appropriate outside consultant come in and analyze increasing school spending so that the public has a better understanding of what is driving cost. The Committee should engage the consultant in some way – it does not need to direct the consultants work, but the consultant should interact with and take feedback from the Committee.

Similarly, the Mayor noted that the City is undergoing an intensive and productive capital planning process that should help the City realize long-term savings as it plans out its long-term needs. If the

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City can engage the schools on a comparable effort, we could coordinate our investments in a productive way that saves taxpayer dollars.

Miriam Stoll expressed support for these ideas. The School Finance Committee met yesterday with the Superintendent and finance staff to discuss what would be most effective for the Committee to do. That group had identified a coordinated capital plan as its highest priority.

On the \$500k savings idea, Miriam expressed that public confidence would be rebuilt if the school can clearly demonstrate it has learned to help itself – not if the Committee were coming to the rescue. Whether from the City or the School, savings help the taxpayer. Reframing this as a cooperative effort with savings across both institutions makes more sense. And, given that 85 percent of the school's budget is allotted to salary/benefits, and some of the remaining 15 percent has dedicated purposes, it's unclear how much the school can cut.

On the consultant, the School district has no money to hire consultant. Miriam encouraged the Mayor to talk with Superintendent Phillips directly on the possibility of hiring a consultant.

Liz Curry noted that tremendous program growth contributed to the 85 percent budget share to salary and benefits. She thinks that an outside analysis would be helpful in identifying the main drivers in cost growth. One problem is the software the school used several years ago does not lend itself to easy analysis. One possibility is relying on the State education department for assistance.

Liz was supportive of the coordinated capital planning initiative. She noted that Greenwich had one model for joint scoring of capital plan proposals. Without a finance director, a property director, or a maintenance director, the school is currently working from a disadvantaged position, but wants to develop a mechanism to move this process forward as it gains that capacity.

Bob Rusten said that coordinating capital plans is a major step forward, but that alone it wouldn't control cost. Consolidating buildings and sharing costs could help control cost – for example, the City doesn't have a facilities department but the School does.

Liz Curry noted other options (like procurement of fuel or paper) and Bob noted the City is planning to hire a joint procurement officer who could reach out to the School as well as City departments.

Chip Mason said if there are ways to identify savings, we should absolutely do so. The school may be lacking capacity, but there must still be opportunities to save. He asked Liz and Miriam to clarify their position.

Liz noted that both she and Miriam were generally on the same side, but that capacity was a real concern.

Mayor Weinberger expressed that the public wants an effort to achieve substantial savings, particularly because the School and the City have a lot of overlap. It is a long-standing conversation and he had heard in a different context that there were not savings, but he thinks there must be and that it's a conversation that must be prioritized. Perhaps Ed Gomoe could assist? Obviously Bob can't do it alone.

Mayor Weinberger agrees with Miriam's frame – this isn't about the City helping the Schools, it's being smart about collaborating. He hears the capacity concern she is raising, but feels urgency to address this and that capacity issues will not justify inaction to voters. The Mayor suggests having a consultant could even help with capacity issues when it comes to building a budget. In some

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ways, the City is in a similar situation with BED, and having an interim there allows for difficult questions to be asked and the stage to be set for a successor to hit the ground running – this might be a great opportunity for the school to do analyze its position.

Miriam said she agrees with the Mayor, and encourages the Committee to make the case for a consultant to the School Administration. Or, perhaps the Mayor could make the case directly to the Superintendent. But, her efforts on this front have not been successful over the past many months – despite numerous attempts. Pragmatically, she wonders if it isn't better to focus only on capital planning. She shared Liz's interest in possibly seeking help with the State.

Bob noted that you can't fix what you don't understand. Most businesses when they do a real analysis find they can save 10 – 20 percent of costs. The School is not a business, but the principle can apply even with the 85 percent figure Miriam cited – there are real savings to be had in that budget. Process-wise, an aggressive target makes sense, so where we want to be a year from now should shape our effort now. Bob encourages the group not, because of process, to set a small or narrow limit on what we aim to do..

Fritz echoes Bob's comments, and encourages the Committee to define what they mean by cost control (he says what the Committee is after is efficiency – doing the same thing with fewer resources). Ultimately, a consultant can identify issues, but cannot take the action – that has to come from within the School itself. What process can we put in place to identify and consolidate services or facilities? What other high-achieving schools can we look to in order to improve our schools here? Fritz pointed to some specific examples comparable to Burlington. He thinks metrics based management is crucial for the City and School both.

Liz Curry agrees efficiency and cost-control are different. The School has begun implementing financial controls – for example, no one can spend over their budget any more. An operational analysis would be excellent, but again capacity issues get in the way. Bob (Liz talking), you may be responsive to the Mayor and less responsive to City Councilors – it may not be appropriate to share information with them in the same way that you share with the Mayor, and the School Board and School Administration may be similar.

Chip, changing the topic, asks where we go from here – engaging an outside consultant to look at cost drivers, cooperating on a capital plan, and identifying cost savings are the ideas on the table currently. He is not sure we are in a position to take further action tonight.

Mayor Weinberger agrees with Chip. Tonight produced some good things to think about, and perhaps also a need to recalibrate thinking about the Committee's work.

Miriam notes for example that class size increases could generate substantial savings and there is not any evidence that increases to class sizes do not negatively impact educational outcomes. We know what we need, we just need to do it.

Karen noted that five in the room (the Mayor, Chip, Bob, Brian, and she) are on the City's retirement committee, and on that committee having an outside consultant gives everyone perspective to make the change possible. Also, she adds that she is concerned that in 6 months we are going to be looking at another budget – it is not good to still not know what the deficit is.

Miriam notes that the Mayor and Bob are here, while the Superintendent and School Board chair are not. She asks Chip and Karen to come to the finance committee and make the case (and the Mayor, if he can make it) to the 4th Tuesday in September at 7pm, and to do some individual work

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ahead of time. Or to come to the Board meeting on the second Tuesday to make the case of how the Committee can help.

Bob asks that the focus of the discussion be on the outcome, not on the Committee – he suggests that the Councilors and Mayor speak to the outcomes we need. Separately, it's not about consultants, however defined, it is about identifying the outcomes and working toward this.

The Mayor notes that he has already met with the School Board chair to articulate the level of urgency he feels.

Chip summarizes the meeting – both sides to return to their respective camps for feedback (and noted that Scot Shumski should be updated on the meeting, given his absence).

Karen suggests that without School staff administration, these meetings are less helpful.

Bob suggests the next step is to attend the Board meeting, but the School representatives are split on which meeting makes the most sense – Board or Finance committee meeting.

Chip suggests that the City Council and Mayor will discuss internally and decide which meeting to attend.

Miriam suggests that Ed Gomoe's scope could be changed.

Meeting adjourned at 6:55pm

Next Meeting Time: **TBD**